

Message Text

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ACTION AF-10

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SUBJ: FOREIGN INVESTMENT CLIMATE IINNIGER

REF: STATE 244738

1. NIGERS POSITIVE ATTITUDE TOWARD FOREIGN INVESTMENT IS PRE-DICATED UPON THE GOVERNMENTS REALISTIC APPRAISAL OF NIGERS EXTENSIVE DEVELOPMENT NEEDS BUT SCARCE MEANS. NIGERS INVEST-MET ATTRACTIVENESS IS LIMITED BY A SMALL DOMESTIC MARKET(GNP OF UNDER \$500 MILLION, PER CAPITA OF \$102), CHRONIC SKILLED LABOR SHORTAGES, HIGH ENERGY COSTS, AND A LARGELY UNDEVELOPED INDUSTRIAL AND TRANSPORTATION INFRASTRUCTURE. DESPITE SETBACKS OWING TO THE SAHELIAN DROUGHT OF 1969-73, NIGERS GOVERNMENT HAS MADE RECENT STRIDES TOWARD DEVELOPING NIGERS POTENTIAL. URANIUM PRODUCTION HAS BEEN A BIG FACTOR IN NIGERS IMPROVING ECONOMIC SITUATION.

2. THE INVESTMENT CODE IN EFFECT SINCE MARCH, 1974, PROVIDES FOR TWO MAJOR GRACE PERIODS OF TAX RELIEF AND TARIFF PROTECTION (IF NECESSARY) ALLOCATED ACCORDING TO LEVELS OF INVESTMENT IN SELECTED FIELDS: ENERGY PRODUCTION, MINERAL EXPLORATION, TEXTILES, AGRICULTURE, FERTILIZER, CONSUMER GOODS, FORESTRY, UNCLASSIFIED

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HUSBANDRY, FISHING AND HOTELS. COMPANIES WHOSE INVESTMENTS EXCEED \$220 THOUSAND (FOR HOTELS \$500 THOUSAND) MAY, FOR A PERIOD OF BETWEEN 4 AND 10 YEARS, BE EXONERATED FROM PROFIT OR IMPORT TAXES, RECEIVE UP TO TWO-THIRDS REDUCTION IN BUSINESS (TURNOVER) TAXES AND A 50 O/O REDUCTION IN EXPORT TAXES. FIRMS WHOSE INVESTMENTS EXCEED OR GENERATE AT LEAST \$2.2 MILLION OR THAT CREATE AT LEAST 500 LOCAL JOBS QUALIFY FOR INCENTIVES

FOR BETWEEN 10 AND 15 YEARS.

3. NIGER PLACES FEW RESTRICTIONS ON INVESTORS. PROFITS AND SALARIES MAY BE FREELY EXPATRIATED. FOREIGN FIRMS ARE REQUIRED TO EMPLOY NIGERIENS, USE LOCAL MATERIALS AND INSTITUTE TRAINING PROGRAMS WHENEVER POSSIBLE, BUT THE GOVERNMENT REMAINS VERY FLEXIBLE GIVEN LOCAL MARKET CONSTRAINTS AND A DEARTH OF TRAINED PERSONNEL AVAILABLE FOR LOCAL HIRE.

4. POTENTIAL INVESTORS MAY EXPECT TO NEGOTIATE DIRECTLY WITH THE GOVERNMENT. IN CERTAIN CASES, THE GOVERNMENT HAS INSISTED UPON EQUITY PARTICIPATION. THE FOREIGN INVESTOR FINANCES THE GOVERNMENTS SHARE WITH THE PROMISE FOR PAYMENT FROM THE RETURNS OF THE INVESTMENT. SMALL SCALE INDUSTRIES AND GENERAL COMMERCE DESERVED FOR NIGERIENS.

5. AN INVESTMENT GUARANTEE AGREEMENT BETWEEN THE GOVERNMENTS OF NIGER AND THE UNITED STATES WAS SIGNED ON APRIL 26, 1962. WHILE OPIC'S POLITICAL RISK INSURANCE IS AVAILABLE FOR NIGER, TO DATE THERE HAVE BEEN NO CLAIMS MADE.

6. PRIVATE INVESTMENT FIGURES ARE NOT, AS SUCH, GATHERED BY GOVERNMENT SOURCES. AMERICAN FIRMS INVESTMENT FIGURES TO FOLLOW SEPTEL. JAMES

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